A STUDY ON MOTOR INSURANCE AND CLAIMS IN THE NEW INDIA ASSURANCE CO. LTD, KARAIKAL

Finance

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ABSTRACT This paper reviews very briefly some methods for modeling motor insurance and claim frequency which have appeared in the literature. The deficiencies of these methods, with respect to large data sets and/or models with many factors, are pointed out. Some proposals for dealing with these problems are made at the end of the paper. The present study explores The new insurance company limited of the motor insurance and claim from the 2007-2008 to 2013-2014. It concludes that claims.

INTRODUCTION:

Motor insurance gives protection to the vehicle owner against injury or damage caused to him or to his vehicle or to the third party. The owner is liable to compensate for any third party liability arising out of use of the vehicle in a public place.

The motor Insurance through which a majority of the people recognize general Insurance and that too because it is compulsory for all motorized vehicles to have an Insurance policy against third party liability before they can come on road. Though this class of Insurance is the major source of premium earnings for the Insurance companies it is also the class which is showing the biggest losses.

Insurance companies are legal entities that cover the financial impact or part of it that derives from the occurrence of certain unexpected insured events affecting the insured. They offer this benefit in exchange for payment of a predetermined amount of money called premium. By pulling similar risks together insurance companies transform the unpredictability of the occurrence of an event to an individual into expected events affecting any one of the insured participants. Insurance companies do not care whom they pay to but only that they have to pay a claim.

The research interest in study motor insurance claims ratio of IN THE NEW INDIA ASSURANCE CO. LTD KARAIKAL.

MOTOR INSURANCE

A motor insurance policy is a mandatory policy issued by an insurance company as part of prevention of public liability to protect the general public from any accident that might take place on the road. The law mandates that every owner of a motor vehicle must have one motor insurance policy.

OBJECTIVES OF THE STUDY

The present study is focused on following objectives:

PRIMARY OBJECTIVE:

To Study the motor insurance and claims IN THE NEW INDIA ASSURANCE CO.LTD KARAIKAL.

SECONDARY OBJECTIVE:

- To study payment and claim of motor insurance customer.
- To study the coverage under the motor insurance and what are the documents have to submit.
- To study awareness motor insurance and claim procedure New India assurance, Karaikal.

REVIEW OF LITERATURE:

The Motor Vehicles Act, 1988 mandates payment of compensation to the victims of accidents arising out of the use of a motor vehicle or motor vehicles, in public places by the owner or owners, as the case may. The MV Act further provides that no person shall use a motor

vehicle in public places without a policy of insurance complying with the requirements of the MV Act. In such a policy of insurance, the insurer agrees to indemnify the user of the vehiscle against the legal liability to pay compensation payable to the victims (third parties) of accidents (death, injury, disability, property damages, etc.) arising out of the use of the motor vehicle.

Raman N and Gaytri (2004) stated that the premium rates are the key parameters to select a particulars insurance company for investing and for majoring of the respondents friends and relatives have been the major source of awareness about new insurance companies. U Jawaharlal (2005) stated that Motor insurance commands a large slice of miscellaneous insurance business in India. Unfortunately it also has the highest claim ratio due to third party liability, predominately due to commercial vehicles. The advent of private insurers saw a skewed development in the motor portfolio. The more profitable private car and two wheeler business was targeted by the private insurers and the commercial vehicles was targeted to the public sector insurers, who could not refuse to insure against TP risks as they were mandated to insure in terms of the MV Act. They thus opposed DE Tariffing.

P.K. Gupta (2012) Stated in his book that after liberalization the existing business models of insurance company's financial services have evolved that paved the way for the potential and unconventional entrants to penetrate the financial market through innovative higher product profile and portfolios, resulting in a sudden spurt in the demand of insurance professionals.

Editorial Bureau(2014) indicate that the third party motor insurance set to increase from April due to death claims in this segment have been increasing steadily: IRDA draft report.

RESEARCH METHODOLOGY:
RESEARCH DESIGN:
- Descriptive research design has been adopted for the study.

DATA COLLECTION METHOD:
For the purpose of the study the data have been collected from both primary sources as well as secondary sources.

Primary data: Primary data are collected through structured questionnaire, interview method.

Secondary data: Secondary data are collected through websites, journals and article, balance sheet.

SCOPE OF THE STUDY:
- Motor insurance is compulsory insurance policy for every person possessing a vehicle, which covers the risk for uncertain events.
- The customer has to know the terms and conditions before taking the policy.

- This paper has been prepared based on Primary data covering entire figures from 2014-2015.
- This paper highlights the claims settlement under Motor Insurance only.

STATEMENT PROBLEM:

Insurance Companies. The prospects of Indian Public Sector motor insurance Industries are very bright, however, at the same time, the industry is facing various challenges and these could be summarized as under: Private insurance companies are entering the market every year.

Problem:

- Difficulties with No-claim bonus
- Undervaluation
- Hazy or under insurance coverage

SAMPLING DESIGN:

- The method of sampling used was convenient sampling
- For the purpose of the study, the sample size chose is 102.

SAMPLING TECHNIQUE: The sampling population and frame has been selected based on convenience convenient sampling technique has been used for the research.

TOOLS USED FOR ANALYSIS: This study Simple Percentage Analysis and chi-square only for use.

LIMITATIONS OF THE STUDY:

Following are the various limitation of the study:
- As the sample size is less i.e, 102, it does not represent the universe. The conclusion from the study may be biased.
- The study in confined to a very short period.
- Due to time academic and financial constraint the study is restricted to 4 week i.e.30 days.

DATA ANALYSIS AND INTERPRETATION

The questionnaires are distributed among the respondents and are asked to go through the questions carefully and fill them. The questionnaires are then examined thoroughly and the data thus collected is analysed and represented as percentages.

Each question is framed into a table which represents the data collected from all the respondents and the interpretation is made below the table.

TABLE: 1 - MOTOR INSURANCE

Motor insurance	No .of respondents	Percentage
Yes	99	97
No	3	3
Total	**102**	**100**

Interpretation:
From the above table it is concluded that 97% of respondents are having motor insurance of the policy and 3% of them are not having policy though it is motor insurance.
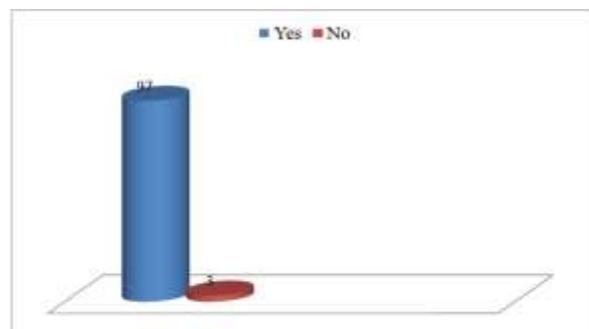
FIGURE: 1 - MOTOR INSURANCE

TABLE 2 - MOTOR INSURANCE POLICY

Motor insurance policy	No. of respondents	Percentage
Below 1000	6	6
1000 - 2500	32	31
2500 - 4000	21	20
4000 - 5500	9	9
4000 - 5500	13	13
Above 5500	21	21
Total	**102**	**100**

Interpretation:
From the above table it is concluded that 31% of respondents for the customer premium motor insurance policy or policies1000-2500, 21% of respondents between motor insurance policies above 5500, 20% of respondents are insurance policy 2500-4000, 13% of respondents are premium or policies 4000-5500, 9% them have between 1000 -2500 and least i.e. 6% between below 1000.
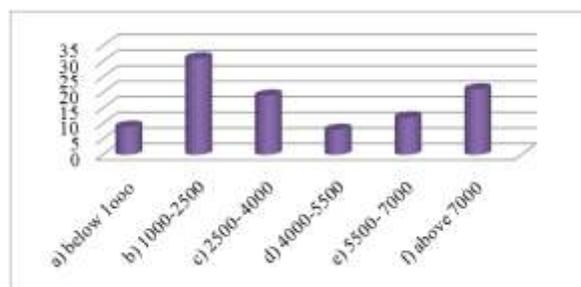
FIGURE 2 - MOTOR INSURANCE POLICY

TABLE 3: AWARENESS ABOUT NO CLAIM BONUS

Aware about No claim bonus	No .of respondents	%
Yes	92	90
No	10	10
Total	**102**	**100**

Interpretation:
From the above table it is inferred that 90% of Respondents are aware about NO CLAIM BONUS and only 10% are unaware.
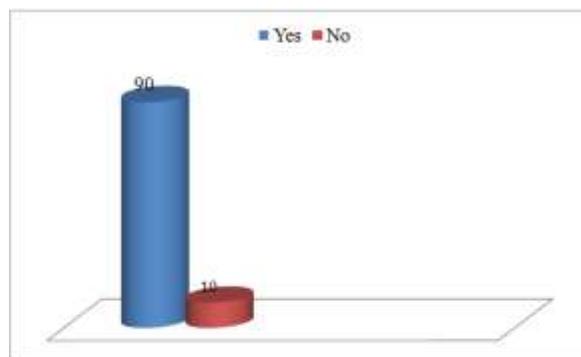
FIGURE 3: AWARENESS ABOUT NO CLAIM BONUS

TABLE 4: CLAIMS NOT PAID

Claim not payable	No .of respondents	Percentage
Invalid driving license	99	97
Consuming alcohol	2	2
Breach of police conditions	1	1

Interpretation:
From the above table it is inferred that 97% of respondents have used invalid driving license so the claim in not paid and 2% of Respon-

dents used alcohol so the claims not paid, Remaining 1% of respondents breached police conditions so the claim is are paid .
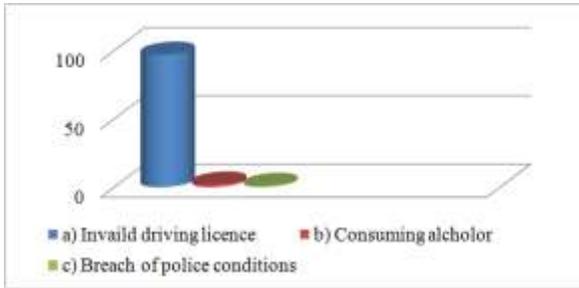
FIGURE 4: CLAIMS NOT PAID

- a) Invaild driving licence
- b) Consuming alcholor
- c) Breach of police conditions

TABLE: 5 - MOTOR VEHICLE COVERAGE

Motor vehicle coverage	No .of respondents	Percentage
Yes	100	98
No	2	2
Total	**102**	**100**

Interpretation:
From the above table it is concluded that 98% of Respondents are aware about basic coverage of the motor vehicle and 2% of them are not.
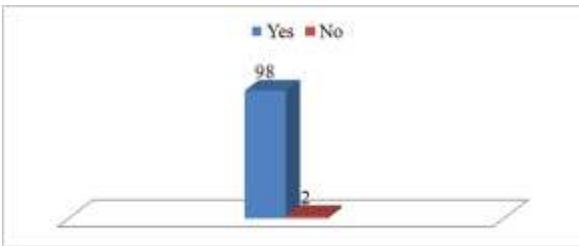
FIGURE: 5 - MOTOR VEHICLE COVERAGE

- Yes
- No

TABLE: 6 - INSURANCE BENEFICIAL

Insurance beneficial	No. of respondents	Percentage
Yes	102	100
No	0	0
Total	**102**	**100**

Interpretation:
From the above table reveals that 100 % of Respondents told customer insurance is beneficial.
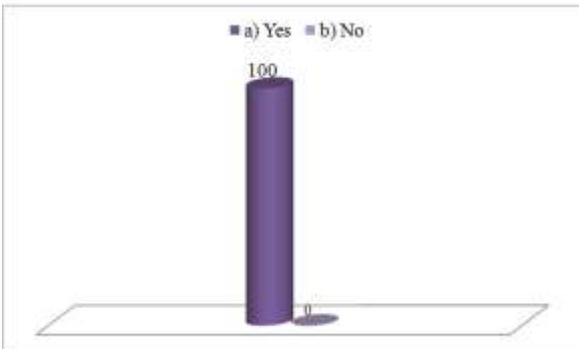
FIGURE: 6 - INSURANCE BENEFICIAL

- a) Yes
- b) No

TABLE: 7 RESPONDENTS OF AGE VEHICLE

Age of vehicle	No .of respondents	Percentage
One year	70	69
Two year	22	21
Five year	3	3
Five year and above	7	7
Total	102	100

Interpretation:
From the above table it is concluded that 69% of Respondents using customer one year age of your vehicle and 21% of Respondent using people two year vehicle and 7% of Respondent using five year and above vehicle, Remaining 3% of Respondent five vehicle.

FIGURE: 7 RESPONDENTS OF AGE VEHICLE

- a) One year
- b) Two year
- c) five year
- d) five year and above
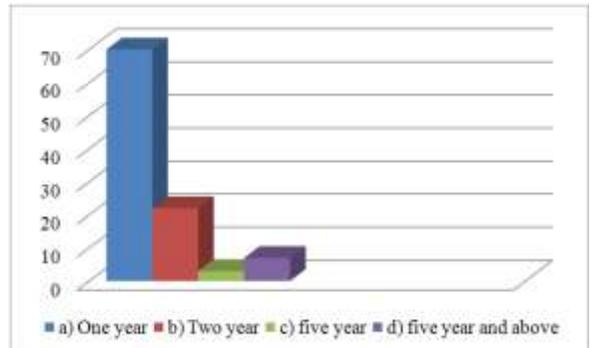
ASSOCIATION BETWEEN CUSTOMER INCOME AND AGE OF VEHICLE

Null hypothesis (H$_o$): There is no Association between customer income satisfaction with age of vehicle.

Alternative hypothesis (H$_a$): There is Association between customer income with age of vehicle.

TABLE: 8

Age of the Vehicle	One year	Two year
Income		
Below 15000	4	1
15000-20000	23	11
20000-25000	14	5
25000-30000	6	3

Calculated value = 27.6614
Degree of freedom =15
The table value at 5% level of significance is 24.996
As calculated value is greater than table value (27.6614>24.996), alternative hypothesis is accepted.

The Association policyholder customer income with age of vehicle New India Assurance co.ltd.

SUGGESTIONS:
- Majority of respondents are unaware about the bonus, benefits, exclusion and excess attached to the policy, this creates lot of problem at the time of claim settlement.

- Some of respondents didn't go for claim settlement as they feel that the process is time consuming, the company should engage in more number of customers, to settle the claim in less time.

CONCLUSION

This is project report on Induction Motor insurance. It would also be a good idea to look at different types of motors insurance every company has to take care of the customer, making strong customer relation. Motor insurance the customer are aware about the basic coverage of the policy but they are unaware about the claim, excess and bonus related to policy. Motor insurance and claim sectors would benefit from less customer regulations.

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